



Budget

**For the Fiscal Year
Beginning April 1, 2023
Ending March 31, 2024**

Notice

**THIS BUDGET SUPPORTS A PROPERTY TAX RATE OF
\$0.858309/\$100.00 VALUATION.**

**THIS BUDGET WILL RAISE MORE REVENUE FROM
PROPERTY TAXES THAN LAST YEAR'S BUDGET BY AN
AMOUNT OF \$15,821 WHICH IS A 5.65 PERCENT
INCREASE FROM LAST YEAR'S BUDGET. THE
PROPERTY TAX REVENUE TO BE RAISED FROM NEW
PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS
\$876.71.**

CITY OF LORENZO

LIST OF ELECTED AND APPOINTED OFFICIALS

ELECTED

Tim Tiner	Mayor
Cheryl Birdwell	Mayor Pro-Tem
Karla Tiner	Councilwoman
Janet Peterson-Gonzales	Councilwoman
Rhonda Cypert	Councilwoman
Hilda Castillo	Councilwoman

APPOINTED

Michael Chambers	City Administrator
Lisa Hernandez	City Secretary
Chad Mobbs	Public Works Director
Irma Casias	Municipal Judge
Matt Wade	City Attorney

The members of the governing body voted on the budget as follows:

Councilwoman Karla Tiner	<u>FOR</u>
Councilwoman Cheryl Birdwell	<u>FOR</u>
Councilwoman Janet Peterson-Gonzales	<u>FOR</u>
Councilwoman Rhonda Cypert	<u>FOR</u>
Councilwoman Hilda Castillo	<u>FOR</u>

City of Lorenzo

P.O. Box 430
Lorenzo, Texas 79343

February 23, 2023

To the Honorable Mayor, Members of the City Council, and Citizens of Lorenzo:

In accordance with the Civil Statutes of the State of Texas, the proposed budget for the fiscal year beginning April 1, 2023 is submitted for your review and consideration. The budget is intended to present, in financial terms, the overall plan for providing municipal services during the forthcoming year. This budget provides funding for the continued basic level of services offered by the city.

OVERVIEW

The Fiscal Year 2023-2024 budget was developed to prepare a balanced base budget for the City of Lorenzo.

Expenses in the General Fund have increased by 4.94 % or \$38,550.00

Expenses in the Water/Sewer Fund have increased by 14.27% or \$55,000. The increase includes a transfer of funds from the Water/Sewer Fund to the General Fund totaling \$86,246.

PERSONNEL

Payroll activities account for the single largest expense. Payroll amounts to 28.6% of the city's budgeted operational expenses. Personnel cost with benefits total \$330,000. In FY 22-23, personnel costs with benefits were calculated at \$317,000 or 29.6% of the operational budget.

Salaries

Employee salaries were increased in the FY 2023-2024 budget for all employees. A 3% cost of living increase is proposed for all employees.

GENERAL FUND

The General Fund provides for basic services of the city including Legislative, Administration, Sheriff Department contract, Street Maintenance, Sanitation Services, Parks and Recreation, Municipal Court, Code Enforcement and Animal Control. The General Fund also provides financial assistance to ancillary organizations with a public purpose that includes Fire Department and Senior Citizens.

The General Fund receives revenues from property tax, sales tax, and franchise tax as well as Water/Sewer revenues, and other miscellaneous fees. The Ad Valorem tax base has a total net taxable value of \$34,554,362. The ad valorem tax rate has decreased and is now \$0.858309/\$100 valuation has been adopted.

Major expenditures allocated in the General Fund Include:

Crosby County Sheriff Department (contract)	\$77,000
SOS Waste	\$98,500
Covid Local Fiscal Recovery Expense	\$141,000

WATER/SEWER FUND

Proprietary Funds are used to account for the city's "businesslike" activities. A portion of the funds generated in the city's Water/Sewer Fund are transferred to the General Fund.

Major expenditures allocated in the Water/Sewer Fund include:

Water supplies & Equipment	\$ 15,000.00
Water Plant & Distribution	\$ 22,000.00
Electrical Utilities	\$ 44,200.00

Capital Improvement Projects in the Water/Sewer Fund Include:

Transfer to the Debt Service Reserve Fund	\$ 3,565.00
Transfer to the Short-Lived Asset Reserve Fund	\$ 7,033.00
USDA Rural Development Payment	\$ 17,000.00

AMERICAN RESCUE PLAN ACT OF 2021 (ARPA)

In response to COVID 19, the City of Lorenzo received a total of \$281,980.42 from the U.S. Department of Treasury. In August, 2021, the city received our first tranche totaling \$140,990.21. In September, 2022, the city received a final tranche of \$140,990.21.

On April 11, 2022, the City Council adopted a spending plan for ARPA funds that included:

- Purchasing a Hydrovac to help improve the water/sewer department.
- Purchasing two new fleet trucks.
- Improvements to infrastructure (Fire Hydrants) for water services that will help support sustainability.

In the ARPA Final Rule with an effective date of April 1, 2022, the city was allowed, and urged to report funds received up to \$10 million as revenue loss. This was a matter administrative convenience in reporting expenditures to the U.S. Treasury Dept. In keeping with the Final Rule, the city reported 100% of the funds as revenue loss. The reporting allows the city to deposit all funds in the city's treasury for use as needed, in keeping with the city's plan. To date, a total of \$140,809.20 have been spent. That was for a fire hydrant (2021), two fleet trucks, and a hydrovac. Leaving a balance of ARPA funds in the amount of \$141,450.85.

USDA RURAL DEVELOPMENT

We are working with USDA Rural Development to obtain a new water tower, demolishing the old water tower, and install up to 15 fire hydrants. If necessary, I would like to put what we have left in the ARPA funds towards the water tower/fire hydrant project to ensure that we are able to get all 15 hydrants done.

Repayment- Our project funding will consist of a 55% loan which will be \$999,000 & 45% Grant which will be \$791,000. The loan will be for 40 years with a 1.75% interest rate. The annual payment will be \$35,565. FY 23-24 we will only make the interest payment. We have budgeted \$17,000.00

Security- The loan will be secured by a Revenue bond with first lien position on water revenue in the amount of \$999,000. The bond will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

RESERVES FOR USDA RURAL DEVELOPMENT

Debt Service Reserve- As part of the agency loan proposal, we must establish a debt service reserve fund equal to at least one annual loan installment that accumulated at the rate of 10% of one annual payment per year for ten years or **until the balance is equal to one annual loan payment**. Ten percent of the loan installment would equal \$297.08 per month, or 3,565.00 per year.

Short-Lived Asset Reserve- In addition to the debt service reserve fund we must establish a short-lived asset reserve fund. We must **deposit at least** \$7,033 annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is our responsibility to assess our facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

OUTSTANDING DEBT

Balance of all outstanding debt as of 2/17/2023 is \$38,991.60

Source of Debt:

De Lage Landen which is for a lease purchase of the city backhoe on August 13, 2021. The total price of the backhoe was \$60,125.00. We pay a monthly lease of \$1,083.10. We are in a 36-month lease with the option of a buyout at the end of 36 months. The buyout will be \$21,133.40. I created a yearly Pay schedule is as follows:

Pmt. No.	Payment Date	Total Payment	Interest paid	principal paid	Early Redemption Value
1	3/31/2022	\$12,997.20		\$12,997.20	\$51,988.80
2	3/31/2023	\$12,997.20		\$12,997.20	\$38,991.60
3	3/31/2024	\$12,997.20		\$12,997.20	\$21,133.40
	Totals	\$38,991.60		\$38,991.60	<u>\$21,133.40</u>

As of February 16, 2023 available cash includes:

Checking Accounts	\$534,899.71
Certificates of Deposit	\$35,920.45
TexPool	\$18,891.59
All Funds Total	\$589,711.75

RESERVE FUND STRATEGY

In the FY 21-22 financial audit, the City reported a cash balance of \$352,861.00 at the end of the fiscal year 21-22.

Budgeting – When the city’s anticipated revenue will not cover expenses, reserve funds may be used to balance the budget.

Capital Improvement Projects The reserve balance would be used to fund (typically larger) capital projects including but not limited to the purchase of equipment, buildings, and other tangible assets or capital improvements if needed.

Emergency Fund - Emergency funds typically consist of a 3-6 months insurance for continued operating expenses following a natural disaster or other calamity where the city’s ability to generate or receive income might be affected.

Debt – As of this date, the principal balance on all city debt is \$38,991.60 for an equipment lease/purchase of the city’s backhoe. This debt is secured by water and wastewater system revenue.

Long Range Planning – One area involving large expenditures has been identified and anticipated in the city’s future; A new water tower and replacing up to 15 fire hydrants.

Short Range Planning- We are also in need of a new SCADA system at the Water Treatment Plant. A SCADA system would allow us to monitor the plant from around town on a laptop, or cellphone. If an emergency (such as water pressure dropping) were to happen it would send an alarm to Chad and myself. With-out the SCADA if there is an issue, we do not know about it until we get to the water plant. It would help with preventative maintenance.

SUMMARY

City staff will continue to monitor the financial situation in a timely manner and will be prepared to bring recommendations to the Council at any time during the year if serious declines in revenues or unexpected expenses are foreseen.

I would like to express my appreciation to the Mayor and Council. What the staff works on and presents would be meaningless if the Council was not interested in striving for a professional, well operated organization. I appreciate the opportunity to work for you, and will always attempt to be attentive to the desires of the Council.

It is hoped that this budget reflects the thinking and policies of the City Council and is representative of the desires of the Citizens of Lorenzo.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Chambers". The signature is written in a cursive, flowing style.

Michael Chambers, City Administrator

General Fund Budget

General Revenue		FY 22-23	FY 23-24	CHANGE	% Change
24007	Franchise Tax	\$ 50,000.00	\$ 55,000.00	\$ 5,000.00	10.00%
24014	Ad Valorem Tax Assessed	\$ 280,731.00	\$ 304,929.00	\$ 24,198.00	8.62%
24028	Sales Tax Revenue	\$ 56,000.00	\$ 58,000.00	\$ 2,000.00	3.57%
24063	Fines	\$ 8,000.00	\$ 4,000.00	\$ (4,000.00)	-50.00%
24098	Animal Control	\$ 500.00	\$ 500.00	\$ -	0.00%
24112	Cemetery	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%
24119	Fire Department	\$ 2,500.00	\$ 2,500.00	\$ -	0.00%
24133	Rental Income	\$ 8,800.00	\$ 8,800.00	\$ -	0.00%
24134	Community Center	\$ 1,500.00	\$ 1,000.00	\$ (500.00)	-33.33%
24135	Senior Citizens	\$ 1,500.00	\$ 1,200.00	\$ (300.00)	-20.00%
24154	Extra Work	\$ 500.00	\$ 500.00	\$ -	0.00%
24161	Miscellaneous Sales	\$ 27,769.00	\$ 2,000.00	\$ (25,769.00)	-92.80%
24166	TCG Property Bids	\$ -	\$ 21,871.00	\$ 21,871.00	100.00%
24169	Coronavirus Local Fiscal Fund	\$ 141,000.00	0.00	\$ (141,000.00)	-100.00%
24224	Sanitation	\$ 101,000.00	\$ 98,000.00	\$ (3,000.00)	-2.97%
	Transfer from Water Fund	\$ 96,350.00	\$ 115,400.00	\$ 19,050.00	20%
	Transfer from Grant Fund	\$ -	\$ 141,000.00	\$ 141,000.00	100.00%
TOTAL		\$ 780,150.00	\$ 818,700.00	\$ 38,550.00	4.94%

ADMINISTRATION		FY 22-23	FY 23-24	CHANGE	% Change
	25007 Office Expense	8,000.00	0.00	\$ (8,000.00)	-100.00%
	25014 Attorney Fees	\$ 10,000.00	\$ 10,000.00	\$ -	0.00%
	25021 Audit	\$ 10,000.00	\$ 11,500.00	\$ 1,500.00	15.00%
	25028 CCAD	\$ 9,500.00	\$ 11,000.00	\$ 1,500.00	15.79%
	25053 Miscellaneous	\$ 1,500.00	\$ 1,500.00	\$ -	0.00%
	25056 Dues & Schools	\$ 4,000.00	\$ 6,000.00	\$ 2,000.00	50.00%
	25058 Computer/Software	\$ 12,000.00	\$ 12,000.00	\$ -	0.00%
	25060 Supplies/Repairs/Expense	\$ 3,000.00	\$ 11,000.00	\$ 8,000.00	266.67%
	25065 Publications / Advertisements	\$ 6,000.00	\$ 6,000.00	\$ -	0.00%
25%	25205 Uniforms	\$ 1,500.00	\$ 1,500.00	\$ -	0%
TOTAL		\$ 65,500.00	\$ 70,500.00	5,000.00	\$ 0.08

NONDEPARTMENTAL		FY 22-23		FY 23-24		CHANGE	% Change
25008	Postage Permits Card Stock	\$	5,000.00	\$	5,000.00	\$	- 0.00%
25009	Printing & Copying	\$	3,000.00	\$	3,000.00	\$	- 0.00%
25010	Lorenzo Senior Citizens	\$	1,500.00	\$	1,500.00	\$	- 0.00%
25049	Liability / WC Insurance	\$	26,000.00	\$	32,000.00	\$	6,000.00 23.08%
25051	Janitorial	\$	2,500.00	\$	2,500.00	\$	- 0.00%
25063	Telephone	\$	1,800.00	\$	1,800.00	\$	- 0.00%
25070	Utilities (Non-Electric)	\$	5,000.00	\$	7,000.00	\$	2,000.00 40.00%
25147	Common utilities	\$	2,000.00	\$	2,500.00	\$	500.00 25%
25161	Electrical Utilities	\$	17,000.00	\$	25,800.00	\$	8,800.00 52%
25% 25203	Vehicle Expense	\$	1,750.00	\$	3,500.00	\$	1,750.00 100%
25561	EMS	\$	12,000.00	\$	-	\$	(12,000.00) -100.00%
25623	Community Center	\$	1,500.00	\$	1,000.00	\$	(500.00) -33.33%
25630	Cemetery	\$	3,000.00	\$	3,000.00	\$	- 0.00%
25651	Building Repairs	\$	5,000.00	\$	10,000.00	\$	5,000.00 100.00%
25655	Property Clean up	\$	-	\$	8,000.00	\$	8,000.00 100.00%
TOTAL		\$	87,050.00	\$	106,600.00	\$	19,550.00 22.46%

LEGISLATIVE		FY 22-23		FY 23-24		CHANGE	% Change
25035	Council Expenditures	\$	2,000.00	\$	2,000.00	\$	- 0.00%
25042	Council Dues & Meetings	\$	2,500.00	\$	2,500.00	\$	- 0.00%
25044	Election Expense	\$	4,000.00	\$	3,000.00	\$	(1,000.00) -25.00%
TOTAL		\$	8,500.00	\$	7,500.00	\$	(1,000.00) -12%

Public Works		FY 22-23		FY 23-24		CHANGE	% Change
25308	Public Works Supplies & Repairs	\$	5,000.00	\$	6,000.00	\$	1,000.00 20%
25323	Streets	\$	30,000.00	\$	10,000.00	\$	(20,000.00) -67%
25324	Equipment Maintenance	\$	3,000.00	\$	6,500.00	\$	3,500.00 117%
25416	Animal Control	\$	1,500.00	\$	1,500.00	\$	- 0%
TOTAL		\$	39,500.00	\$	24,000.00	\$	(15,500.00) -39.24%

SANITATION		FY 22-23		FY 23-24		CHANGE	% Change
25210	Waste Disposal - Garbage	\$	85,000.00	\$	98,500.00	\$	13,500.00 16%
25217	Waste Disposal - Roll Off	\$	6,000.00	\$	6,000.00	\$	- 0%
25224	Waste Disposal - Sales Tax	\$	10,000.00	\$	10,000.00	\$	- 0%
TOTAL		\$	101,000.00	\$	114,500.00	\$	13,500.00 13.37%

Law Enforcement		FY 22-23		FY 23-24		CHANGE	% Change
25406	Crosby County Sheriff Department	\$	77,000.00	\$	77,000.00	\$	- 0.00%
TOTAL		\$	77,000.00	\$	77,000.00	\$	- 0.00%

JUDICIAL		FY 22-23	FY 23-24	CHANGE	% Change
25461	State Court Expense	\$ 2,000.00	\$ 2,000.00	\$ -	0.00%
25472	Dues & Schools	\$ 1,000.00	\$ 1,000.00	\$ -	0.00%
25474	Office Expense/Software	\$ 3,000.00	\$ 3,000.00	\$ -	0.00%
25475	Supplies/ Repairs	\$ 500.00	\$ 500.00	\$ -	0.00%
TOTAL		\$ 6,500.00	\$ 6,500.00	\$ -	0.00%

Lorenzo VFD		FY 22-23	FY 23-24	CHANGE	% Change
25490	Building Maintenance	\$ 3,000.00	\$ 3,000.00	\$ -	0.00%
25504	Meetings & Calls	\$ 7,000.00	\$ 10,000.00	\$ 3,000.00	42.86%
25518	Vehicle Expense	\$ 5,000.00	\$ 10,500.00	\$ 5,500.00	110.00%
25532	Supplies & Equipment	\$ 3,000.00	\$ 3,000.00	\$ -	0.00%
25560	Training, Schools, & Dues	\$ 3,500.00	\$ 3,500.00	\$ -	0.00%
TOTAL		\$ 21,500.00	\$ 30,000.00	\$ 8,500.00	39.53%

Capital Outlay		FY 22-23	FY 23-24	CHANGE	% Change
25301	Seal Coat Project	\$ 49,500.00	\$ 49,500.00	\$ -	0.00%
25646	Coronavirus Local Fiscal Recovery	\$ 141,000.00	\$ 141,000.00	\$ -	0.00%
25647	Shredder for John Deere Tractor	\$ -	\$ -	\$ -	-
TOTAL		\$ 190,500.00	\$ 190,500.00	\$ -	0.00%

PAYROLL		FY 22-23	FY 23-24	CHANGE	% Change
	27007 Administration Salaries & Wages	\$ 137,000.00	\$ 144,000.00	\$ 7,000.00	5.11%
50%	27008 Administration Longevity	\$ 600.00	\$ 600.00	\$ -	0.00%
50%	27014 Part-time & Contract Labor	\$ 6,000.00	\$ 6,000.00	\$ -	0.00%
50%	27021 TML Health Insurance	\$ 28,500.00	\$ 30,000.00	\$ 1,500.00	5.26%
	27035 TMRS Retirement	\$ 11,000.00	\$ 11,000.00	\$ -	0.00%
TOTAL		183,100.00	191,600.00	8,500.00	4.64%

TOTAL REVENUES	780,150.00	818,700.00	38,550.00	4.94%
TOTAL EXPENSE	780,150.00	818,700.00	38,550.00	4.94%
NET SURPLUS (DEFICIT)	0.00	0.00		

Water/Sewer Fund Budget

Operating Revenue	FY 22-23	FY 23-24	CHANGE	% Change
24132 LTF Adjustment	\$ 13,000.00	\$ 15,000.00	\$ 2,000.00	15.38%
24203 Water Revenue	\$ 235,000.00	\$ 288,000.00	\$ 53,000.00	22.55%
24210 Sewer / Mosquito Revenue	\$ 133,000.00	\$ 133,000.00	\$ -	0.00%
24217 Water / Sewer Taps	\$ 500.00	\$ 500.00	\$ -	0.00%
24231 Utility Deposits	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%
TOTAL	\$ 385,500.00	\$ 440,500.00	\$ 55,000.00	14.27%

WATER/SEWER UTILITIES	FY 22-23	FY 23-24	CHANGE	% Change
25140 Chemicals	\$ 12,000.00	\$ 13,000.00	\$ 1,000.00	8.33%
25154 Dues & Schools	\$ 3,000.00	\$ 3,000.00	\$ -	0%
25168 Engineering Fees	\$ 10,000.00	\$ 10,000.00	\$ -	0.00%
25175 Lab Analysis	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%
25196 Sewerplant & Collections	\$ 4,000.00	\$ 4,000.00	\$ -	0.00%
75% 25203 Vehicle Expense	\$ 11,250.00	\$ 11,500.00	\$ 250.00	2%
75% 25205 Uniforms	\$ 4,500.00	\$ 4,500.00	\$ -	0%
25322 Water Utility Supplies, & Equipment	\$ 15,000.00	\$ 15,000.00	\$ -	0.00%
25324 Equipment Maintenance	\$ 7,000.00	\$ 8,000.00	\$ 1,000.00	14%
25238 Water Plant & Distribution	\$ 20,000.00	\$ 22,000.00	\$ 2,000.00	10.00%
TOTAL	\$ 90,750.00	\$ 95,000.00	\$ 4,250.00	5%

NONDEPARTMENTAL	FY 22-23	FY 23-24	CHANGE	% Change
50% 25063 Telephone	\$ 1,800.00	\$ 1,800.00	\$ -	0.00%
25161 Electrical Utilities	\$ 35,000.00	\$ 44,200.00	\$ 9,200.00	26%
25182 Mosquito & Pest Control	\$ 1,500.00	\$ 2,500.00	\$ 1,000.00	66.67%
25640 Backhoe	\$ 13,000.00	\$ 13,000.00	\$ -	0.00%
Transfer to General Fund	96,350.00	\$ 115,400.00	\$ 19,050.00	67%
TOTAL	\$ 147,650.00	176,900.00	29,250.00	19.81%

USDA Rural Development	FY 22-23	FY 23-24	CHANGE	% Change
USDA Annual Payment	\$ -	17,000.00		
TOTAL	\$ -	17,000.00		

PAYROLL	FY 22-23	FY 23-24	CHANGE	% Change
27007 Water/Sewer Salaries & Wages	\$ 105,000.00	\$ 108,000.00	\$ 3,000.00	3%
50% 27008 Longevity	\$ 600.00	\$ 600.00	\$ -	0.00%
50% 27014 Part-time & Contract Labor	\$ 6,000.00	\$ 6,000.00	\$ -	0.00%
50% 27021 TML Health Insurance	\$ 28,500.00	\$ 30,000.00	\$ 1,500.00	5.26%
27035 TMRS Retirement	\$ 7,000.00	\$ 7,000.00	\$ -	0.00%
TOTAL	147,100.00	151,600.00	4,500.00	3.06%

TOTAL REVENUES	385,500.00	440,500.00	55,000.00	14.27%
TOTAL EXPENSE	385,500.00	440,500.00	55,000.00	14.27%
NET SURPLUS (DEFICIT)	0.00	0.00		

Ad Valorem Tax Calculations

Certified Totals

07/20/2022

Total Net Taxable Value		\$34,554,362
Total Value of Protested Property	+	\$0.00
Transfer Adjustments		\$0.00
Total Tax Value, over 65 and disabled	-	\$0.00
Adjusted Tax Value	=	\$34,554,362
Projected tax rate	x	0.858309
Divide by 100 = Projected Levy		
Projected Levy	=	\$296,583.00
Total Levy	=	\$296,583.00

Adopted Tax Rate **\$0.858309**

Budgeted Tax Levy **\$296,583.00**